



INDAKA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2006

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Cllr. PS Mpungose
Cllr. BC Buthelezi
Cllr. SB Mbatha
Cllr. HL Madonsela
Cllr. TP Njapha

Mayor
Deputy Mayor
Speaker
Executive Committee Member

SPEAKER OF COUNCIL

Cllr. SB Mbatha

Total number of councillors: 20

GRADING OF THE LOCAL MUNICIPALITY

Grade 1

(As per councillor remuneration grading)

AUDITORS

The Auditor-General

BANKERS

Standard Bank Group - Ladysmith
ABSA Bank - Ladysmith

REGISTERED OFFICE

1410 A Section
Ekuvukeni
Wasbank
2920

Private Bag X 70113
Wasbank
2920

Telephone (034) 261 1000 / 2612319/ 2612313
Fax (034) 261 2035

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 25 were approved by the Municipal Manager on 30 August 2006 and will be presented to Council in 5 October 2005 Council Meeting.

MUNICIPAL MANAGER

Mr SM Mbhele (Effective date: 01 February 2002)

CHIEF FINANCIAL OFFICER

Mr M B Olatini (Effective Date: 01 March 2005)

FOREWORD

2004/2005 FINANCIAL YEAR

Background

Indaka Municipality is a grade one Local Municipality within the uThukela District Municipality. It covers eight traditional authority areas namely Mchunu, Mbhense, Kunene, Mabaso, Nxumalo, Sithole, Zwane, Mthembu. The Municipality has been in existence for four and the half years and has 10 wards with 20 councillors. It is worth mentioning that the municipal area is mainly rural.

Challenges

The municipality has been under extreme challenging conditions. The municipality has to address challenges of infrastructure, tourism, local economic development, poverty, drought, capacity building, service delivery, HIV/AIDS pandemic, planning and implementation of sustainable projects in a fair, equitable and transparent manner. Revenue increase and community capacitation on payments of debts remains a challenge. The municipality has achieved some of its own objectives, like we have managed after some talks to bring and provide office space for the Department of welfare in order to address some of the social issues that faces the Indaka community.

The delays on MIG funds to reach their destination has led to a delay on the implementation of MIG related projects. The former R293 staff transferred from the district also added to the challenges that this municipality has, Indaka has to absorb the personnel expenditure out of equitable share in which that compromises capital projects. The late receipt of the first allocation of equitable share has led to challenges as this municipality is mainly dependent on this grant, but never the less from a tight budget the municipality has managed to allocate its limited resources to the best interest of Indaka communities.

IDP and Budget Process Plans

IDP and Budget Process Plans have been prepared and has been adopted by the council before the beginning of the financial year. It is however acknowledge that the proper implementation of the IDP and Budget are still major challenges. Going forward it is anticipated that there will be an alignment of IDP and budget process plans within the municipality and the district at large but this demands collective efforts for all role-players.

Appreciation

I would like to thank my colleagues, management team and staff for the support and assistance they offered for the whole financial year to improve the service delivery to our municipality.

Cllr P S Mpungose

Mayor : Indaka

REPORT FROM THE AUDITOR-GENERAL

The financial statements have not yet been audited.
Will be included once received after audit.

TREASURER'S REPORT

2005/2006 FINANCIAL YEAR

Background

Indaka Municipality is a grade one Local Municipality within the uThukela District Municipality. It covers eight traditional authorities. The Municipality has been in existence for four and the half years and has 10 wards, it's main source of income is an equitable share, and about 90% of the land falls into tribal authorities in which the municipality cannot generate income from it.

Challenges

The municipality has been under extreme challenging conditions. The municipality has to address challenges of infrastructure, MFMA implementation, organizational PMS, audit unit establishment, capacity building, planning and implementation of sustainable projects in a fair, equitable and transparent manner. Revenue increase and community capacitation on payments of debts remains a challenge. The municipality has achieved some of its own objectives but there is a long way to go.

Annual Financial Statements and Audit Reports

Annual Financial Statements (AFS) for year ending 30 June 2006 were prepared and submitted during August. Some of previous audit opinions and recommendations are currently being addressed.

Summary Financial Review

Income received for this period amounted to R 25 288 849 and expenditure was R 25 168 106. Interest on investment for the period has been recognized. When looking into the balance sheet, it is clear that the municipality's worth is increasing.

These financials represent the financial performance and operating results of the Indaka Municipality for the period ending 31 June 2006.

1. OPERATING RESULTS

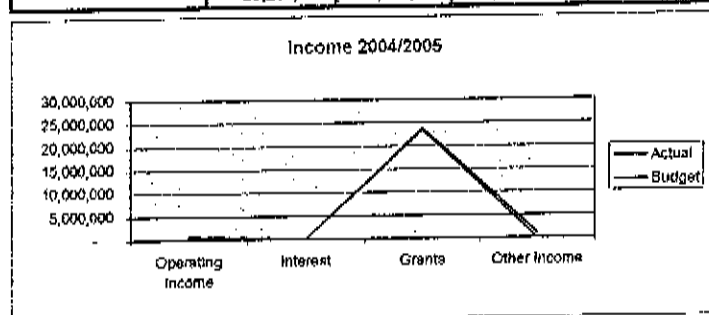
Details of the operating results per department and classification of income and expenditure are included in appendices D and E. The overall operating results for the period ending 30 June 2006 are as follows:

INCOME	Actual 2006 R	Budget 2006 R	Variance Actual/ Budget %	Actual 2005 R	Variance 06 Actual/ 05 Actual %
Operating income for the period	25,288,849	24,232,687	4.4%	16,161,966	56.5%
Closing deficit	-	-	-	-	-
	25,288,849	24,232,687		16,161,966	
EXPENDITURE					
Expenditure for the period	25,646,007	24,232,687	5.8%	17,189,578	49.2%
Closing Surplus				(1,027,612)	
	25,646,007	24,232,687		16,161,966	

2. INCOME

Details of income per department and classification are included in appendix D.

	Actual 2006	Budget 2006	2006 Variance Amount	2006 Variance %
Operating Income	256,297	774,660	-518,362.67	-0.33085138
Interest	120,327	100,000	20,326.73	120.3%
Grants	23,842,879	23,353,027	489,851.84	102.1%
Other Income	1,069,346	5,000	1,064,345.90	21386.0%
	25,288,849	24,232,687	1,056,161.80	21642.4%



2.1 Grants and Subsidies

Equitable share is shown as operational grant and computer, Socio-economic survey grant and FMG Grant has been received and remaining funds will be transferred to funds.

(See Appendix A and D for more information)

2.2 Operating Income

Actual 2006	Budget 2006
256,297	774,660

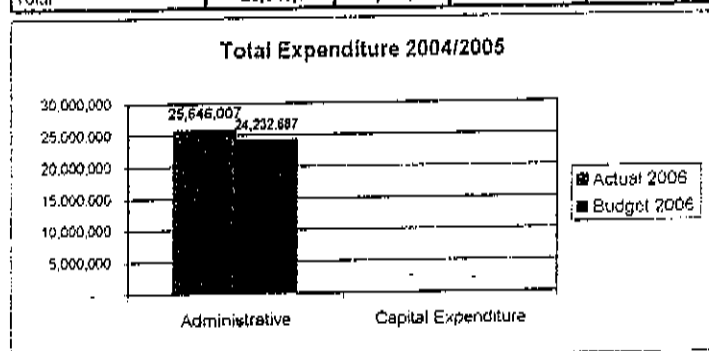
(Refer to Appendix D for more details).

3. EXPENDITURE

3.1 Total Expenditure

Details of income department and classification are included in appendix D.

	Actual 2006	Budget 2006	2006 Variance Amount	2006 Variance %
Administrative	25,646,007	24,232,687	1,413,320	5.83%
Capital Expenditure	-	-	-	-
Total	25,646,007	24,232,687	1,413,320	0



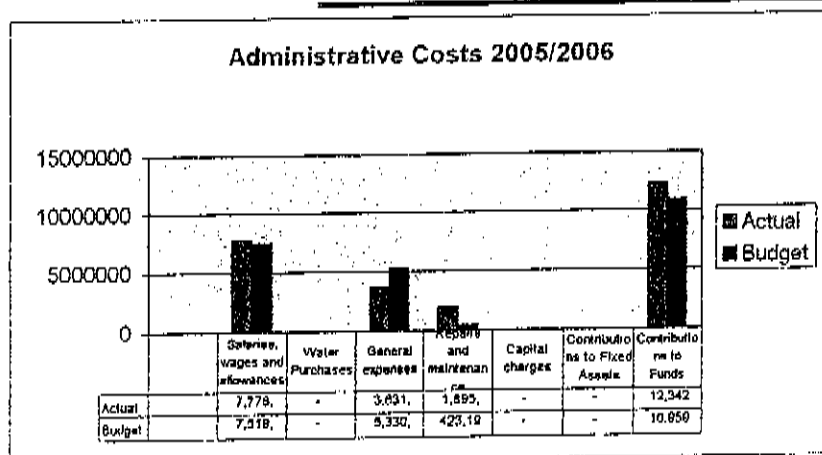
3.2 Administrative Expenditure

Administrative expenditure for the period are as follows:

	Actual 2006	Budget 2006	Variance 2,006	Variance % 2006
Administrative	25,646,007	24,232,687	1,413,320	0.05

Administrative expenditure as per classification are as follows:

	2006 Actual	2006 Budget	2006 Variance	2006 Variance %
Salaries, wages and allowances	7,776,808	7,519,296	257,510	3.42%
Water Purchases	-	-	-	0.00%
General expenses	3,631,306	5,330,251	-1,698,945	-31.87%
Repairs and maintenance	1,895,671	423,198	1,472,473	347.94%
Capital charges	-	-	-	0.00%
Contributions to Fixed Assets	-	-	-	0.00%
Contributions to Funds	12,342,224	10,959,942	1,382,281	12.61%
	25,646,007	24,232,687	1,413,320	3



4. CAPITAL EXPENDITURE (FIXED ASSETS)

The expenditure on fixed assets incurred during the year consisted mainly of Civic Buildings, Vehicles and Office Equipment

Details are reflected in Appendix C

Resources used to finance the fixed assets were as follows:

Contributions from operating income	1,384,765
Grants & Subsidies	1,384,765
	<u>2,769,530</u>

Refer to 3.1 for comments on total expenditure.

5. EXTERNAL LOANS, INVESTMENTS AND CASH

5.1 External loans

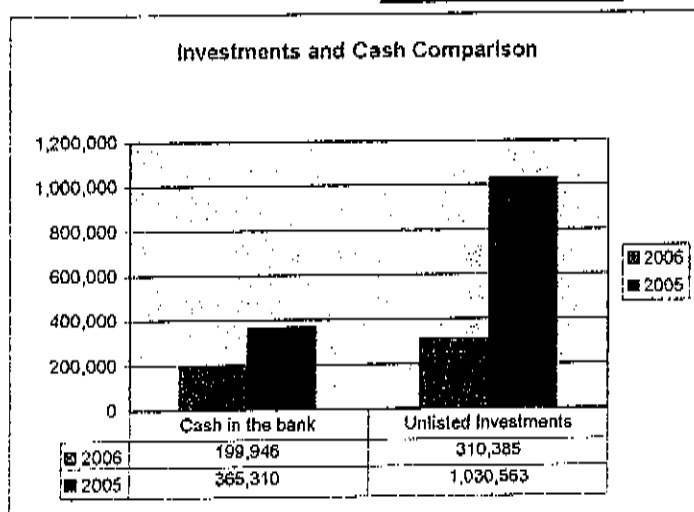
No external loans were taken up for the municipal functions during the period and none were transferred from uThukela District.

Details of external loans are included in appendix A.

5.2 Investments and Cash

All available cash was held in Council's Bank account at 31 December 2004 amounting to (refer to notes 7 and 20 for more details):

	2006	2005	Change %
Cash in the bank	199,946	365,310	-83%
Unlisted Investments	310,385	1,030,563	-232%
	<u>510,332</u>	<u>1,395,872</u>	



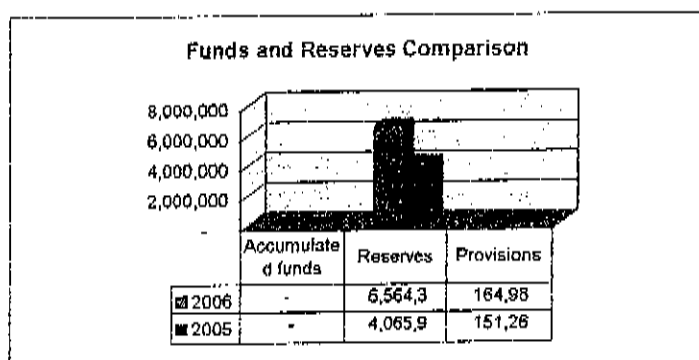
A million rand withdrawal from investments was made this current financial year. Interest received from current account and investment account amounted to R 344,687.00 for the current financial year.

6. FUNDS AND RESERVES

Funds, reserves and provisions may be summarized as follows:

	2006	2005	Change %
Accumulated funds	-	-	0%
Reserves	6,564,363	4,065,946	38%
Provisions	164,982	151,263	1371928%
	<u>8,729,345</u>	<u>4,217,209</u>	

Trust fund (Government Grants)



Full details on funds and reserves are included in notes 1, 2 and 3 to the financial statements and appendix A. The balance taken on from Mtubatuba was fully provided for in a Provision for Bad Debts. A contribution equal to budgeted figure was effected to Leave reserve at the end of this financial year.

7. GOING CONCERN

In management's view the Indaka Local Local Council will be in continuous existence in the foreseeable future and expected to uplift standard of living within its area of operation. But it should be noted that this Municipality is depending on grants from government at the moment.

EXPRESSION OF APPRECIATION

I wish to thank the Mayor, members of the Executive Committee, Councilors, the Municipal Manager, Heads of Departments and especially the staff in the financial department for the support they have given me. I also wish to thank Guarantee Trust Zululand for their assistance in the preparation of these Annual Financial Statements.

M. M. PLAMINI

Chief Financial Officer
Indaka Municipality

5.2 Public Improvement Fund

The Public Improvement Fund provides for the future township development. All developments costs as defined in section 103 (3) (d) of the Local Government Ordinance, Natal, No. 25 of 1974, are debited against the fund. All proceeds from sale of developed land are credited as income for the fund.

5.3 Leave Provision

A provision equal to the actual leave credit as at 30 June 2005 is maintained to provide for leave payments on request. Contributions are made from the operating account.

5.4 Bad Debt Provision

A provision equal to the anticipated risk as at 30 June 2005 is maintained to provide for bad debts. Contributions are made from the applicable accumulated account based on outstanding debtors more than ninety days.

5.5 Working Reserves

Some funds are reserved for the unexpected variation of working capital.

6 RETIREMENT BENEFITS

Indaka Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuations are performed at least every three years. The last valuation was done on 31 March 2001.

7 LEASED ASSETS

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974) and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

9 INCOME RECOGNITION

9.1 Assessment Rates

Assessment Rates are levied on land and improvement value of property at a differential rate. Rebates are granted according to the use to which a particular property is put to.

9 SURPLUSES AND DEFICITS

The Unappropriated Surplus is maintained as an Operating cash reserve, to fund expenditure during the financial year, prior to the collection of revenue. It may also be utilized to fund projects that the council may deem necessary to fund.

INDAKA MUNICIPALITY

ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1998).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- (i) Income is accrued when available to finance operations. Certain direct income is accrued when received and/or when the amount can be measured with certainty.
 - (ii) Expenditure is accrued in the year it is incurred.
- 1.4 All amounts disclosed in these Financial Statements are rounded off to the nearest Rand, but actual amounts were used in the calculations.

2 CONSOLIDATION

There is no consolidation as the Municipality only has the rate and general services.

3 FIXED ASSETS

- 3.1 *Fixed assets are stated:*
- (i) at historical cost, or
 - (ii) at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.
- 3.2 *Depreciation*
- The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
- (i) Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - (ii) Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all assets are credited to a CDF.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4 STOCK

Stock is purchased on a need basis, and the balance on hand at year end is accounted for as expenditure

5 FUNDS AND RESERVES**5.1 Capital Development Fund**

The Local Government Ordinance, Natal, No. 25 of 1974, requires a minimum contribution of 3.0% of the defined income of local authority to the immediately preceding financial year.

INDAKA MUNICIPALITY
BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		6,680,425	4,065,946
Accumulated Funds	1	-	-
Reserves	2	6,680,425	4,065,946
RETAINED SURPLUS/(DEFICIT)	10	-1,822,968	-1,465,813
		4,857,457	2,600,133
TRUST FUNDS		-	-
LONG-TERM LIABILITIES			
Deposits		-	-
		4,857,457	2,600,133
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	3	855,617	-0
LONG TERM DEBTORS		-	-
INVESTMENTS	13	310,385	1,030,563
		1,166,002	1,030,563
NET CURRENT ASSETS / (LIABILITIES)		3,691,455	1,569,571
CURRENT ASSETS		3,864,391	3,113,554
Inventory		-	-
Debtors	5	3,664,445	2,748,244
Cash resources	14	199,946	365,310
Short-term portion of long term debtors	5	-	-
CURRENT LIABILITIES		172,936	1,543,982
Provisions	5	164,982	151,263
Trade Creditors	6	-	-
Other Creditors	6	7,954	1,392,719
Short-term portion of long term creditor	6	-	-
Bank Overdraft	14	-	-
		4,857,457	2,600,133

**INCOME STATEMENT FOR THE YEAR
ENDED 30 JUNE 2006**

2005 Actual income R	2005 Actual expenditure R	2005 Surplus / (Deficit) R	2005 Budget Surplus / (Deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus / (Deficit) R	2006 Budget Surplus / (Deficit) R
16,161,966	17,189,578	(1,027,612)	-	RATES & GENERAL SERVICES	25,288,849	25,646,007	(357,158)	357,158
16,130,151	16,742,228	(607,077)	-	- Community Services	25,288,849	25,646,007	(357,158)	357,158
	447,350	(447,350)	-	- Subsidized Services	-	-	-	-
26,815	-	26,815	-	- Economic Services	-	-	-	-
-	-	-	-	TRADING SERVICES	-	-	-	-
-	-	-	-	- Trading Services	-	-	-	-
16,161,966	17,189,578	(1,027,612)	-	TOTAL	25,288,849	25,646,007	(357,158)	357,158
				Appropriations for this period				
				<u>(refer to note 15)</u>				
		(1,027,612)		Net surplus for the period			(357,158)	
		(438,201)		Accumulated surplus				
				beginning of the period			(1,465,813)	
		(1,465,813)		ACCUMULATED SURPLUS				
				AT THE END OF THE PERIOD			(1,822,971)	

(Refer to appendix D and E for more detail)

(Refer to appendix D and E for more detail)

INDAKA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR

ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		29,925	821,374
Cash generated by operations	<u>11</u>	(2,405,086)	907,149
Investment Income	<u>9</u>	120,327	119,628
Increase in working capital	<u>12</u>	2,314,685	(205,403)
		29,925	821,374
Less: External interest paid		-	-
Cash utilized by operations		29,925	821,374
Contributions from Public or Government		-	-
CASH UTILIZED IN INVESTING ACTIVITIES	<u>3</u>	-	-
Investment in Fixed Assets			
NET CASH FLOW		29,925	821,374
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/ (Decrease) in long-term Loans		-	-
Decrease/ (Increase) in Cash Investments	<u>13</u>	(720,177)	(433,250)
Increase/ (Decrease) in Deposits		-	-
Increase/ (Decrease) in Fixed Assets		955,617	-
Decrease / (Increase) in Cash	<u>14</u>	(165,363)	(386,124)
NET CASH GENERATED		(29,925)	(821,374)

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1. ACCUMULATED FUNDS		
Capital Development Fund	0	0
Public Improvement Fund	0	0
(Refer to appendix A for more detail)	<u>0</u>	<u>0</u>
No contributions were made to CDF for this period.		
2. RESERVES		
CONDITIONAL GRANT	0	0
NEW BUILDINGS	0	297,024
LUMS GRANT	1,112	45,184
VALKOP HOUSNG	45,000	0
LED GRANT	0	0
UPGRADE EXISTING BUILDING	11,025	11,025
KZN PANEL SUPPORT	288,376	288,376
IMPLEMENTATION OF FREE BASIC WATER	35,001	35,001
EKUVUKENI LIBRARY	2,553	2,553
LED SIGWEJE	0	0
DBSA FEASIBILITY STUDY	134,022	134,022
COMMUNITY PARTICIPATION	250	250
MAP	107,876	765,710
FREE BASIC SERVICES	0	1,085,485
FREE BASIS ELECTRICITY	24,595	133,166
HOUSING GRANT	0	0
IDP AND INTERDEPARTMENTAL PLANNING	20,024	103,188
LIBRARY SECURITY	0	8,337
DPLG IDP PROJECT	19,251	0
MFMA - PROVINCE	29,102	45,000
RECURRENT GRANT - INTERNS	240,000	240,000
RECURRENT GRANT	715,852	0
PMS	449,929	250,000
PROJECT CONSOLIDATE	100,000	100,000
Disaster Management Grant	264,000	264,000
Grant Funding Interdepartment	665	60,000
Property Rates	63,125	63,125
Property Rates - Evaluation Roll	170,000	0
Unticorruption	134,500	134,500
HOUSING CONSUMER GRANT	101,250	0
UMHLUMAYO RURAL HOUSING	771,879	0
BUCKET SYSTEM	1,440,813	0
UITVAAL HOUSING	1,133,060	0
CAPACITY BUILDING	250,000	0
CDWS	11,103	0
(Refer to appendix A for more detail)	<u>6,564,363</u>	<u>4,065,948</u>
3. FIXED ASSETS		
Fixed assets at the beginning of the year	8,967,359	18,010,556
Capital expenditure during the year	2,240,381	349,560
Less : Assets written off, transferred or disposed of during the year	0	9,392,757
Total fixed assets	11,207,740	8,967,359
Less : Loans redeemed and other capital receipts	10,352,123	8,967,359
Net fixed assets	<u>-855,617</u>	<u>0</u>

(Refer to appendix "C" and section 2 of the Treasurers Report for more details on fixed assets)

Fixed assets are resources owned by the Council from which future economic benefits are expected to flow. All assets are capitalized. Fixed assets are financed by grants, subsidies and revenue.

Asset additions schedule have been prepared and will be brought into account at the end of the financial year.

4. DEBTORS

Consumer Debtors	1,614,591	1,614,591
Sundry Debtors	1,584,558	1,584,558
Debtor	-	-
Other Debtors	<u>2,079,887</u>	<u>1,163,686</u>
	5,279,036	4,362,835
Less Provision for Bad Debts	-1,614,591	-1,614,591
	<u>3,664,445</u>	<u>2,748,244</u>

(Refer to appendix "B" for more details)

5. PROVISIONS

Audit fees	0	0
Leave Pay	164,982	151,263
Performance Bonus	<u>0</u>	<u>0</u>
	<u>164,982</u>	<u>151,263</u>

6. CREDITORS

uThukela District Municipality	0	849,546
Capital Projects	0	0
Trade Creditors	0	476,845
Sundry Creditors	7,954	66,328
Other	0	0
	<u>7,954</u>	<u>1,392,719</u>

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
7. Councillors' Allowances		
Mayor's Allowances	68,127	63,754
Deputy Mayor's Allowance	59,446	67,950
Executive Committee Allowance	128,902	55,349
Speaker Allowance	57,678	53,462
Councillor's Allowance	595,798	705,029
	0	0
	<u>909,952</u>	<u>945,545</u>

The above allowances includes contributions to Pension Fund, Telephone Allowance, Travelling allowance and contribution for personal use.

8. AUDIORS REMUNERATION

Audit Fees	111,759	111,759
	<u>111,759</u>	<u>111,759</u>

9. INVESTMENT INCOME

Interest Earned	120,327	119,628
Interest paid	0	0
	<u>120,327</u>	<u>119,628</u>

10. APPROPRIATIONS

Net Appropriation account		
Accumulated surplus/(deficit) at the beginning of the period	-1,465,813	-438,201
Operating surplus for the period	-357,155	-1,027,612
Appropriations for the year	-357,155	-1,027,612
Prior Year adjustments	0	0
	<u>-1,822,988</u>	<u>-1,465,815</u>
Accumulated surplus/(deficit) at the end of the period		
Operating account	1,471,583	1,471,583
Capital expenditure	381,214	367,495
Contributions to:	111,759	111,759
- Audit Provision	164,982	151,263
- Leave Pay	0	0
- Performance Bonus	104,473	104,473
-Bad Debts	0	0
	<u>1,852,797</u>	<u>1,839,078</u>

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
11. CASH GENERATED BY OPERATIONS		
Net surplus (deficit) for the year	-357,158	-1,027,612
Adjustment for:		
Appropriations for previous year	-30,663	0
Appropriations charged against income	10,101,843	5,890,906
Capital Development fund	0	0
Provisions and reserves	12,342,224	5,541,346
Fixed Assets	-2,240,381	349,560
Investment Income	-120,327	-119,628
Grants and Subsidies Received	-23,842,879	-15,884,744
Other Income	-1,069,346	118,883
Operating Income	-376,621	0
Reserves	0	0
operating expenditure	0	0
Provisions & Reserves	-13,719	-2,280,516
Fixed Assets	0	-349,560
Operating expenditure	13,303,783	14,559,420
Operating surplus before working capital changes	<u>-2,405,086</u>	<u>907,149</u>
12. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	0	0
(Increase) in debtors	-916,201	-274,779
(Increase)/decrease in deposits	0	0
(Increase) in creditors	-1,398,484	480,182
	<u>-2,314,685</u>	<u>205,403</u>
13. (INCREASE)/DECREASE IN INVESTMENTS		
Investment beginning of the year	1,030,563	597,313
Investment end of the year	310,385	1,030,563
Net increases in cash equivalents	<u>720,177</u>	<u>-433,250</u>
Standard Bank of S.A. Investment	310,385	1,030,563
14. (INCREASE)/ DECREASE IN CASH ON HAND		
Cash balance beginning of the year	365,310	753,434
-Cash on hand	1,000	1,000
-Cash in bank	364,310	752,434
Less: Cash balance at the end of the period	199,946	365,310
-Cash on hand	1,000	1,000
-Cash at Bank	198,946	364,310
	<u>-165,363</u>	<u>-388,124</u>

15. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)

Loans Raised
Loans Repaid

0	0
0	0
0	0

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006

16. CAPITAL DEVELOPMENT FUND

Accumulated Funds (Appendix A)
Less: Internal Investment to Borrowing Services (Appendix B)
Balance available for External Investment

2006 R	2005 R
0	0
0	0
0	0

17. PUBLIC IMPROVEMENT FUND

Accumulated Funds (Appendix A)
Less: Internal Investment to Borrowing Services (Appendix B)
Less: Funds Invested in fixed assets (Appendix C)
Balance available for External Investment

0	0
0	0
0	0
0	0

18. RETIREMENT BENEFITS

Employees belong to the following funds within the Natal Joint Municipal Pension/Provident Funds which provide retirement benefits to such employees. This is a compulsory benefit.

- (i) Natal Joint Municipal Pension Fund (retirement)
- (ii) Natal Joint Municipal Pension Fund (superannuation)
- (iii) Natal Joint Municipal Pension Fund (provident)
- (iv) Municipal Councillors Pension Fund

The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuation are performed at least every three years. The latest independent valuation of the funds, which indicated that the funds were in a sound financial position, was undertaken on 31 March 1998.

Indaka Municipality and the employees contribute to the Natal Joint Municipal Pension fund and councillors contributing to Municipal Councillors Pension Fund.

The percentage contribution on basic salary / allowances are as follows:

Council
Staff Members

Council
Councillors

19. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for
Approved but not yet contracted for

0	0
0	0
0	0

This experience will be financed from:

Contributions ex Revenue	0	0
External sources grants	0	0
Contributions to buildings	0	0
	<u>0</u>	<u>0</u>

20. Salaries and Allowances for Section 57

Municipal Manager	403,987	377,558
Chief Financial Officer	231,862	216,693
Director Corporate Services	334,727	312,829
Housing Manager	257,499	240,653
Development and Planning Manager	248,761	232,487
	<u>1,476,836</u>	<u>1,380,220</u>

21. Municipal Bankers

Standard Bank of South Africa
ABSA

22. Lease

Balance at the beginning of the year
Amount paid during the year
Balance at the end of the year.

<u>-</u>

INDAKA MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, RESERVES, TRUST FUNDS AND PROVISIONS

	Balance at 01/07/2005 R	Contributions during the period R	Interest on investment R	Other income R	Operational expenditure during the period R	Capital expenditure during the year R	Balance at 30/06/2006 R
STATUTORY FUNDS							
Capital Development Funds	-	-	-	-	-	-	-
- Rates & General Services	-	-	-	-	-	-	-
Public Improvement Funds	-	-	-	-	-	-	-
RESERVES							
CONDITIONAL GRANT	-	-	-	-	-	-	-
NEW BUILDINGS	297,024	74,759	-	-	-	371,783	-
LUMS GRANT	45,184	50,000	-	-	-	94,072	1,112
VALKOP HOUSING	-	45,000	-	-	-	-	45,000
LED GRANT	(0)	-	-	-	-	-	(0)
UPGRADE EXISTING BUILDING	11,025	-	-	-	-	-	11,025
KZN PANEL SUPPORT	288,376	-	-	-	-	-	288,376
IMPLEMENTATION OF FREE BASIC WATER	35,001	-	-	-	-	-	35,001
EKUVUKENI LIBRARY	2,553	-	-	-	-	-	2,553
LED SIGWEJE	-	-	-	-	-	-	-
DBSA FEASIBILITY STUDY	134,022	-	-	-	-	-	134,022
COMMUNITY PARTICIPATION	250	-	-	-	-	-	250
MAP	765,710	900,000	-	-	-	1,557,833	107,878
FREE BASIC SERVICES	1,085,485	2,037,562	-	-	-	3,123,038	-
FREE BASIS ELECTRICITY	133,166	2,703,244	-	-	-	2,811,815	24,595
HOUSING GRANT	-	-	-	-	-	-	-
IDP AND INTERDEPARTMENTAL PLANNING	103,188	-	-	-	-	83,184	20,024
LIBRARY SECURITY	8,337	25,521	-	-	-	33,858	(0)
DPLG IDP PROJECT	-	50,000	-	-	-	30,749	19,251
MFMA - PROVINCE	45,000	100,000	-	-	-	115,898	29,102
RECURRENT GRANT - INTERNS	240,000	-	-	-	-	-	240,000
RECURRENT GRANT	-	734,000	-	-	-	18,148	715,852
PMS	250,000	300,000	-	-	-	108,071	449,829
PROJECT CONSOLIDATE	100,000	-	-	-	-	-	100,000
Disaster Management Grant	264,000	-	-	-	-	-	264,000
Grant Funding Interdepartment	60,000	40,000	-	-	-	99,335	865
Property Rates	63,125	-	-	-	-	-	63,125
Property Rates - Evaluation Roll	-	170,000	-	-	-	-	170,000
Unicorruption	134,500	-	-	-	-	-	134,500
HOUSING CONSUMER GRANT	-	162,000	-	-	-	60,750	101,250
UMHLUMAYO RURAL HOUSING	-	1,348,090	-	-	-	576,211	771,879
BUCKET SYSTEM	-	2,339,000	-	-	-	898,187	1,440,813
UITVAAL HOUSING	-	1,431,310	-	-	-	290,250	1,133,060
CAPACITY BUILDING	-	250,000	-	-	-	-	250,000
CDWS	-	84,000	-	-	-	72,897	11,103
0	4,065,946	12,844,478	-	-	-	10,346,059	6,584,363
PROVISIONS							
Audit Fees	(0)	-	-	-	-	-	(0)
Leave Pay	151,263	13,719	-	-	-	-	164,982
Performance Bonuses	-	-	-	-	-	-	-
	151,263	13,719	-	-	-	-	164,982
TOTAL	4,217,209	12,858,195	-	-	-	10,346,059	6,729,345

INDAKA MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at 01 July 2008 R	Received during the period R	Redeemed or written off during the period R	Balance at 30 June 2008 R
Annuity Loans	-	-	-	-
Fixed Loans	-	-	-	-
	-	-	-	-

INTERNAL ADVANCES BORROWING SERVICES	Balance at 01 July 2004 R	Received during the period R	Redeemed or written off during the period R	Balance at 31 December 2004 R
Public Improvement Fund	-	-	-	-
Capital Development Fund	-	-	-	-
	-	-	-	-

INDAKA MUNICIPALITY

APPENDIX C : ANALYSIS OF FIXED ASSETS

Expenditure 2004 R	Service R	Budget 2005 R	Balance at 01.07.2005 R	Expenditure 2006 R	Written off transferred R	Balance at 30.06.2006 R
349,560	Rates & General Services	-	8,967,359	2,240,381	0	11,207,739
349,560	Community Services	0	1,839,095	434,020	0	2,273,115
0	Access Roads	0	110,000	0	0	110,000
0	Motor Vehicle	0	441,304	150,000	0	591,304
349,560	Office Furniture & Equipment	0	1,287,791	284,020	0	1,571,811
0	Subsidised Services	0	7,128,263	1,806,361	0	8,934,624
0	Building Control	0	7,128,263	1,806,361	0	8,934,624
0	Health & Refuse	0	0	0	0	0
0	Library	0	0	0	0	0
0	Economic Services	0	0	0	0	0
0	Cleansing	0	0	0	0	0
0	Sewerage	0	0	0	0	0
0	HOUSING	0	0	0	0	0
0	Economic	0	0	0	0	0
0	Sub-Economic	0	0	0	0	0
0	TRADING SERVICES	0	0	0	0	0
0	Electricity	0	0	0	0	0
0	Water	0	0	0	0	0
0	PUBLIC IMPROVEMENT FUND	0	0	0	0	0
349,560	TOTAL FIXED ASSETS	0	8,967,359	2,240,381	0	11,207,739
			0	2,240,381		
349,560	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		8,967,359	1,384,765	0	10,352,123
0	Loans redeemed		0	0	0	0
349,560	Contributions from ex operating income		2,829,348	1,384,765	0	4,014,113
0	Grants & Subsidies		6,338,011	0	0	6,338,011
0	Contribution from Transitional Grant		0	0	0	0
0	Contribution from Ndipimms		0	0	0	0
0	Contribution from Equit. Reserve		0	0	0	0
0	Contributions for CBPW - PIA		0	0	0	0
0	Public Contributions		0	0	0	0
0	Miscellaneous		0	0	0	0
0	NET FIXED ASSETS		0	855,616	0	855,616

INDAKA MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDING 30 JUNE 2006

Actual 2006 R		Actual 2006 R	Budget 2006 R
	INCOME		
	Government and Provincial grants and subsidies	23,842,879	23,353,027
15,884,744	- Equitable share	15,673,479	15,264,140
11,001,419	Government grants and subsidies - Public / Local Government	8,169,400	8,088,887
4,883,325			
-			
38,265	Operating Income	256,297	774,660
	RATES AND GENERAL		50,000
	SITE RENTALS & CLEARANCE	2,380	15,000
26,915	REFUSE REMOVAL	33,804	409,860
2,981	BARIAL FEES	3,782	15,000
8,381	HIRE HALLS	17,215	12,500
89	BUILDING PLANS	-	300
	BOARDING OF VEHICLES	48,851	188,000
	CDWS	84,000	84,000
	Other Services	66,268	-
119,329	Other Income	1,069,346	5,000
445	- Rent Income	-	-
	- Donation Received	-	-
	- Discount Received	-	-
	- Commission Received	-	-
	- Surplus Funds	-	-
118,883	- Sundry income	1,069,346	5,000
119,628	Interest earned	120,327	100,000
16,161,966	TOTAL INCOME	25,288,849	24,232,687
	EXPENDITURE		
	OPERATING EXPENDITURE		
6,801,901	Salaries, wages and allowances	7,776,806	7,519,296
3,976,882	General expenses	3,631,306	5,330,251
519,888	Repairs and maintenance	1,895,671	423,198
	Capital charges	-	-
349,560	Contributions to fixed assets/ex revenue Projects	-	-
5,541,346	Contributions to funds/capital	12,342,224	10,959,942
17,189,578	Gross operating expenditure	25,646,007	24,232,687
-	Less : Amounts recharged	-	-
17,189,578	Net operating expenditure	25,646,007	24,232,687
(1,027,612)	SURPLUS	(357,158)	-

INDAKA MUNICIPALITY

APPENDIX E : DETAILED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2006

2005 Actual Income R	2005 Actual expenditure R	Surplus/ (deficit) R		2006 Actual Income R	2006 Actual expenditure R	2006 Surplus/ (deficit) R	2006 Budget Surplus/ (deficit) R
16,185,151	16,742,228	-607,077	RATES & GENERAL	25,288,849	24,988,755	300,094	921,397
16,135,151	16,742,228	-607,077	ADMINISTRATION	25,288,849	24,988,755	300,094	921,387
16,135,151	9,199,990	6,935,161	Council General Expenses	15,875,435	5,808,976	10,066,458	0
0	2,284,773	-2,284,773	Corporate Services	84,000	3,669,859	-3,585,859	0
0	2,933,580	-2,933,580	Environmental Planning	0	329,719	-329,719	329,719
0	578,988	-578,988	Engineering Services	0	3,812,832	-3,812,832	0
0	755,053	-755,053	Development and Planning	4,089,000	5,055,249	-966,249	0
0	416,306	-416,306	Financial Services	856,206	1,743,527	-887,320	0
0	573,538	-573,538	Housing Services	4,374,208	3,976,916	397,292	-397,292
0		0	Municipal Manager	0	591,677	-591,677	988,969
0	447,350	-447,350	SUBSIDISED SERVICES	0	266,188	-266,188	0
0	394,737	-394,737	Cemetry	0	10,000	-10,000	0
0	48,812	-48,812	Halls	0	80,699	-80,699	0
0	3,800	-3,800	Library	0	175,489	-175,489	0
26,815	0	26,815	ECONOMIC SERVICES	0	391,063	-391,063	626,063
26,815	0	26,815	Refuse Removal	0	391,063	-391,063	626,063
0	0	0	Sewerage Conservancy	0	0	0	0
0	0	0	Sewerage Reticulation	0	0	0	0
0	0	0	TRADING SERVICES	0	0	0	0
0	0	0	Water	0	0	0	0
0	0	0	Electricity	0	0	0	0
16,161,965	17,169,578	-1,027,612	TOTAL	25,288,849	25,646,007	-357,158	1,547,460
		0	Appropriations for this year (refer to note)			3	
		-1,027,612	Net surplus/(deficit) for the year			-357,155	
		-438,201	Accumulated surplus/(deficit) beginning of the year			-1,465,813	
		-1,465,813	Accumulated surplus/(deficit) end of year			-1,822,968	

INDAKA MUNICIPALITY

Appendix F

Statistical Information
for the year ended 30 June 2006

a)	General Statistics		
	I	Population-Approximately	98 467
	II	Valuation of taxable and non taxable property	No
	III	Date of last valuation	N/A
	IV	Number of residential sites	15 043
b)	Water Statistics		
	I	Number of users-commercial and residential	0
	II	Kilolitres bought	0
	III	Kilolitres sold	0
	IV	Units lost in distribution	Nil
	V	Units lost in distribution as a percentage	N/A
	VI	Cost per unit bought	0
	VII	Loss in distribution	N/A
	VIII	Cost per unit sold (Operating expenditure/iii)	0
	IX	Income per unit sold (Operating income/iii)	0
c)	Sundry Statistics		
	I	Area in KM squared	629 393KM
	II	Previous election number of registered voters	33804
	III	Building Survey-number of building plans passed	1
		Value of building plans passed	R70 000
		Number of inspections performed	1
		Plan fees	R 30
	IV	Cleansing : Refuse removed and dumped	2749 Sites
	V	Roads & works: Km of roads constructed/ repaired	100km
	VI	Housing: Number of houses	2700
d)	Other		
	I	Total Number of Wards	23
	II	Total Number of Councillors	
	III	Total number of voting district	
	IV	Number of employees	
	V	Number of police stations	
	VI	Number of Medical Facilities	
	VII	Number of Schools	